

Message Text

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E.O.11652: GDS
TAGS: PFOR, NATO
SUBJECT: ALLIANCE EAST-WEST STUDY: UK CONTRIBUTION ON
SOVIET UNION TRENDS

REFS: (A) NATO 7699, (B) STATE 181724 (BOTH REFS NOTAL)

1. THERE FOLLOWS THE TEXT OF A UK CONTRIBUTION TO THE
EAST-WEST STUDY ENTITLED "SOVIET UNION: TRENDS IN POLI-
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TICAL, ECONOMIC, MILITARY AND SOCIAL DEVELOPMENT". THE
PAPER COMES UNDER SECTION AI OF THE IS OUTLINE (REF A)
AND IS TOPIC 1 OF REF B.

2. BEGIN TEXT:

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SOVIET UNION: TRENDS IN POLITICAL, ECONOMIC, MILITARY

AND SOCIAL DEVELOPMENT

I - INTRODUCTION

1. THE SOVIET UNION IS CURRENTLY ENJOYING THE LONGEST PERIOD IN ITS HISTORY FREE FROM WAR OR TRAUMATIC SOCIAL OR POLITICAL UPHEAVAL. THE BREZHNEV PHASE HAS INTRODUCED A CERTAIN SENSE OF STABILITY WHICH WAS TOTALLY LACKING UNDER STALIN AND LACKING TO A LARGE EXTENT UNDER KRUSHCHEV, THANKS TO THE LATTER'S TENDENCY TO GENERATE TENSION IN BOTH INTERNATIONAL AND DOMESTIC ISSUES. FOR THOSE RUSSIANS WHO ARE ROUGHLY OF AN AGE WITH THE SOVIET REGIME ITSELF - AND THIS HAPPENS TO BE THE AVERAGE OF FULL MEMBERS OF THE CENTRAL COMMITTEE - THE LAST 10 TO 15 YEARS HAVE BEEN THE FIRST PERIOD IN THEIR LIVES WHEN THEY HAVE ENJOYED A CRISIS-FREE ATMOSPHERE IN WHICH TO WORK AND LIVE. IT IS PROBABLY TRUE THAT, WHATEVER THE COST OF THIS STABILITY, THE MAJORITY OF RUSSIANS, BOTH OFFICIAL AND ORDINARY CITIZENS, CONTINUE TO WELCOME IT AS A RESPITE FROM THE UPHEAVALS OF FORMER YEARS.

2. THE POLITICAL SYSTEM LOOKS MORE STABLE THAN IT DID UNDER KRUSHCHEV. BREZHNEV HAS ESCHEWED HIS PREDECESSOR'S CONSTANT TAMPERING WITH THE PARTY AND ADMINISTRATIVE STRUCTURE. THE RELATIONSHIP BETWEEN THE PARTY ON THE
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ONE HAND AND GOVERNMENT AND OTHER INSTITUTIONS ON THE OTHER IS STILL NOT ADEQUATELY DEFINED, EVEN IN THE NEW CONSTITUTION, BUT THROUGHOUT THE PERIOD OF BREZHNEV'S ASCENDENCY THE PARTY HAS IN PRACTICE EXERCISED OVERT, DIRECT AND DETAILED CONTROL OVER THE STATE ADMINISTRATION.

3. IN A BROADER SENSE ANOTHER FACTOR CONTRIBUTING TOWARDS STABILITY IS THE FACT THAT THE SOVIET UNION STILL HAS MUCH TO OFFER THOSE WHO PUT THEIR SKILLS AT ITS SERVICE, IN TERMS OF MATERIAL BENEFITS, PERSONAL ADVANCEMENT AND FOREIGN TRAVEL. THE SOVIET UNION'S EXPANDING ROLE ON THE WORLD STAGE HAS CONTRIBUTED IN PARTICULAR TOWARDS THE LAST OF THESE. ENTRY INTO A RELATIVELY PRIVILEGED ELITE IS THUS OPEN TO THE AMBITIOUS AND IN THIS SENSE THE SOVIET UNION IS STILL IN ITS WAY A LAND OF OPPORTUNITY. BUT SUCH OPPORTUNITIES AS EXIST ARE LIMITED TO THOSE WHO CONFORM, EVEN IF THEIR SUBSCRIPTION TO THE REGIME'S DOCTRINE IS OFTEN MORE A MATTER OF CONVENIENCE THAN CONVICTION.

4. OF STILL BROADER IMPLICATIONS IS THE FACT THAT CONSUMER SATISFACTION IS NOW ACKNOWLEDGED AS A RESPECTABLE

AIM IN SOVIET SOCIETY. THERE HAS BEEN A PERCEPTIBLE, THOUGH UNEVEN, IMPROVEMENT IN LIVING STANDARDS IN THE LAST DECADE. THE STATE HAS SPENT FOREIGN CURRENCY TO IMPORT CONSUMER GOODS, OR THE EQUIPMENT TO MANUFACTURE THEM. IN ACCEPTING OWNERSHIP OF A PRIVATE CAR AS A LEGITIMATE ASPIRATION THE POST-KRUSHCHEV LEADERSHIP BOWED TO WHAT THEIR PREDECESSOR HAD CONSIDERED A SYMBOL OF DECADENT CAPITALIST SOCIETIES.

5. FINALLY, THERE IS LITTLE EVIDENCE OF EXTREME

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DISSATISFACTION AMONG THE POPULATION. SUCH EVIDENCE AS THERE IS RELATES TO SMALL GROUPS OF ACTIVE DISSIDENTS. THE ECONOMIC AND SOCIAL ACHIEVEMENTS OF THE SOVIET REGIME HAVE AT LEAST ENSURED THAT THINGS ARE BETTER NOW FOR ALMOST EVERYONE THAN THEY WERE

THIRTY YEARS AGO. MOREOVER, IN A PERIOD WHEN MAN'S CONSCIOUSNESS OF THE EARTH'S LIMITED SUPPLY OF NATURAL RESOURCES HAS BECOME PARTICULARLY ACUTE, THE SOVIET UNION IS IN THE HAPPY POSITION OF STILL BEING A
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POTENTIALLY RICH COUNTRY, WHOSE PROBLEM LIES PRINCIPALLY IN HARNESSING ITS OWN NATURAL RESOURCES RATHER THAN HAVING TO BARGAIN FOR THEM WITH OTHERS.

6. THE FACTORS OUTLINED ABOVE SUGGEST THAT IN THE SOVIET UNION BOTH LEADERS AND LED HAVE A CERTAIN COMMON INTEREST IN ESCHEWING DRAMATIC CHANGES IN THE FORTHCOMING 5 TO 10 YEARS. THE PROBLEMS IN ECONOMIC, SOCIAL AND POLITICAL LIFE, WHICH ARE DISCUSSED MORE FULLY BELOW, STEM LARGELY FROM THE FACT THAT STABILITY IS NOT IN EVERY RESPECT A HEALTHY PHENOMENON IN THE SOVIET UNION. STABILITY HERE OFTEN EQUALS STAGNATION AND INEFFICIENCY: BUT ANY ATTEMPT TO IMPART MORE DYNAMISM TO THE POLITICAL, ECONOMIC AND SOCIAL MACHINE COURTS THE RISK OF ITS RUNNING OUT OF CONTROL. MEANWHILE MODERN COMMUNICATIONS MEAN THAT SOVIET SCIENTISTS AND THE REST OF THE INTELLIGENTSIA ARE EVER MORE AWARE OF ALTERNATIVE WESTERN APPROACHES.

II - ECONOMIC TRENDS

7. THE MOST IMPORTANT AND DIFFICULT PROBLEM FACING THE CURRENT LEADERSHIP IS THAT OF STIMULATING A SLUGGISH, UNBALANCED AND ARTIFICIALLY CONSTRAINED ECONOMY. GROWTH RATES HAVE BEEN DECLINING OVER THE LAST TWO DECADES AND ARE NOW ABOUT ON A LEVEL WITH THOSE OF MANY DEVELOPED WESTERN COUNTRIES. THIS WOULD NOT BE A CAUSE FOR CONCERN IF THE SOVIET UNION WERE ALREADY A HIGHLY-DEVELOPED ECONOMY. IN FACT IT CAN BETTER BE CLASSED AS A SEMI-DEVELOPED COUNTRY WHICH STILL NEEDS LARGE INJECTIONS OF INVESTMENT CAPITAL TO ACHIEVE ITS AIMS: THE DEVELOPMENT OF SIBERIAN RESOURCES AND THE RELATED INFRASTRUCTURE, THE INTRODUCTION OF MODERN TECHNOLOGY INTO INDUSTRY, THE MODERNISATION OF AGRICULTURE, THE IMPROVEMENT OF
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LIVING STANDARDS, AND THE MAINTENANCE OF A DEFENCE CAPABILITY EQUIVALENT TO THAT OF A SUPERPOWER WITH DOUBLE THE SOVIET GNP. ECONOMIC GROWTH IN THE SOVIET UNION HAS TRADITIONALLY BEEN SUSTAINED BY HIGH RATES OF INVESTMENT AND AN EXPANDING LABOUR FORCE. HOWEVER, THE LABOUR

FORCE IS UNLIKELY TO GROW BY MORE THAN 1 PERCENT A YEAR
OVER THE NEXT DECADE AND SOVIET INVESTMENT IS YIELDING
A LOW AND DECLINING RETURN.

8. UNLESS PRODUCTIVITY CAN BE IMPORVED, THE SOVIET
LEADERSHIP'S PROBLEMS OF RESOURCE ALLOCATION WILL BECOME
INCREASINGLY SEVERE IN THE FUTURE. WITHIN THE CIVILIAN
SECTOR IT WILL PROBABLY PROVE IMPOSSIBLE TO PURSUE ALL
GOALS WITH EQUAL VIGOUR WITHOUT SPREADING
RESOURCES SO THINLY THAT EVERY SECTOR SUFFERS. SOVIET
LEADERS WILL THEREFORE HAVE A STRONG MOTIVE TO CURTAIL
THE HIGH SHARE OF RESOURCES ABSORBED BY THE DEFENCE
SECTOR - AN ESTIMATED 11-13 PERCENT OF GNP (WESTERN
CONCEPT) IN THE PAST 10 YEARS. HOWEVER, A SLOWDOWN
IN ECONOMIC GROWTH IN THE PAST 5 YEARS HAS NOT DETERRED
THEM FROM PURSUING EXTENSIVE MILITARY PROGRAMMES AS
WELL AS R&D PROGRAMMES WHICH PROVIDE FOR A HIGH LEVEL
OF MILITARY EFFORT IN THE FUTURE. WE CAN ASSUME THAT
DEFENCE WILL CONTINUE TO RECEIVE FIRST PRIORITY IN THE
ALLOCATION OF RESOURCES.

9. IN THE PAST IT HAS BEEN THE CONSUMER SECTOR THAT HAS
USUALLY SUFFERED IN ANY SQUEEZE ON RESOURCES. BUT THE
LEADERSHIP IS AWARE THAT WITHOUT A BETTER SUPPLY OF
CONSUMER GOODS AND SERVICES NO SYSTEM OF FINANCIAL
INCENTIVES WILL BE EFFECTIVE IN THE DRIVE FOR HIGHER
PRODUCTIVITY. AGRICULTURE, WHERE RETURN ON INVESTMENT

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IS LOWEST, COULD IN THEORY BE ANOTHER CANDIDATE IF LARGE-SCALE FOOD AND FODDER IMPORTS COULD BE COUNTENANCED. BUT IT IS HIGHLY UNLIKELY THAT THE PRESENT LEADERSHIP WOULD COUNTENANCE A POLICY OF DEPENDENCE ON EXTERNAL SOURCES OF SUPPLY FOR FOODSTUFFS, NOT ONLY FOR FINANCIAL REASONS BUT ALSO ON IDEOLOGICAL AND STRATEGIC GROUNDS. MAXIMUM SELF-RELIANCE IN AGRICULTURAL PRODUCTION IS CONSTANTLY STRESSED AND THE AGRICULTURAL SECTOR IS LIKELY TO CONTINUE TO RECEIVE A SUBSTANTIAL SHARE OF RESOURCES.

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DEVELOPMENT OF THE ENERGY SECTOR WILL REQUIRE SIGNIFICANTLY INCREASED INVESTMENT IN COMING YEARS AND CAN HARDLY BE SLOWED DOWN WITHOUT AFFECTING EVERY OTHER BRANCH OF THE ECONOMY AS WELL AS THE BALANCE OF PAYMENTS. A FURTHER OPTION WOULD BE TO CONTINUE OR INCREASE THE IMPORT OF FOREIGN PLANT ON A SELF-FINANCING BASIS, THUS SAVING ON THE INVESTMENT OF DOMESTIC CAPITAL; THE SCOPE FOR THIS IS, HOWEVER, LIMITED. SOLUTIONS ALONG THESE LINES WOULD UNDOUBTEDLY GENERATE ARGUMENTS AND COUNTER-ARGUMENTS WITHIN THE SOVIET LEADERSHIP GOING WELL BEYOND THE ECONOMIC FACTORS.

10. GIVEN THAT LABOUR AND CAPITAL ARE NO LONGER AVAILABLE IN THEIR FORMER ABUNDANCE (AND INVESTMENT GROWTH IS SCHEDULED TO DECLINE STEADILY THROUGHOUT THE CURRENT PLAN PERIOD) THE TOP PRIORITY FOR THE SOVIET LEADERSHIP MUST BE TO IMPROVE THE EFFICIENCY WITH WHICH EXISTING RESOURCES ARE USED. IN THIS THEY ARE HAMPERED BY A NUMBER OF SYSTEMIC FACTORS, NOTABLY A PRICING SYSTEM WHICH FAILS TO REFLECT RELATIVE SCARCITIES AND MAKES COST-EFFECTIVENESS DIFFICULT TO DETERMINE.

11. CURRENT POLICY TOWARDS INDUSTRY IS TO GET ENTERPRISES TO PRODUCE BETTER QUALITY GOODS, BETTER TAILORED TO THE NEEDS OF THE CUSTOMER, WITH A SMALLER CONSUMPTION OF RAW MATERIALS AND ENERGY AND A SMALLER WORKFORCE. HAVING WILLED THE ENDS, THE LEADERSHIP HAS NOT, HOWEVER,

WILLED THE MEANS. THEY HAVE NOT, FOR INSTANCE, ELIMINATED THE NEED FOR ENTERPRISES TO HOARD LABOUR AGAINST SUDDEN FUTURE DEMANDS (EG HELP WITH THE HARVEST) OR MATERIALS AGAINST ERRATIC SUPPLIES. WHILE THE PRESENT PLAN STRESSES THE IMPORTANCE OF QUALITY, ITS TARGETS ARE STILL LARGELY GEARED TO GIVE PRIORITY TO GROSS OUTPUT.

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THE NEED TO MEET FIXED TARGETS DISCOURAGES THE INTRODUCTION OF NEW MACHINERY AND TECHNIQUES WHICH WOULD LEAD TO SHORT-TERM LOSS OF OUTPUT. MANAGEMENT INCENTIVES ARE DIRECTED ALMOST ENTIRELY AT PLAN FULFILMENT, WHILE THE CURRENT LEADERSHIP SEEMS TO BELIEVE MORE IN THE VALUE OF MORAL EXHORTATION THAN MATERIAL REWARD AS AN INCENTIVE TO LABOUR. A NEW LEADERSHIP MIGHT TRY TO REMEDY THESE DEFECTS BY INTRODUCING MORE FLEXIBLE INCENTIVE SCHEMES AND GIVING FACTORY DIRECTORS MORE ROOM FOR MANOEUVRE; BUT FAIRLY RADICAL CHANGES WOULD PROBABLY BE NEEDED TO PRODUCE ANY SIGNIFICANT IMPROVEMENT. SUCH INCENTIVE SCHEMES AS HAVE BEEN TRIED EXPERIMENTALLY AND FOUND SUCCESSFUL HAVE TENDED TO LEAD TO EARNINGS LEVELS AND DISPARITIES UNACCEPTABLE TO THE PRESENT LEADERSHIP. YET GREATER DIFFERENTIALS MAY BE A NECESSARY PRICE TO PAY FOR GREATER PRODUCTIVITY.

12. THE TECHNOLOGY GAP BETWEEN THE SOVIET UNION AND MAJOR WESTERN COUNTRIES MUST BE A MATTER OF GRAVE CONCERN TO THE SOVIET LEADERSHIP, ESPECIALLY AS THE EVIDENCE SUGGESTS THAT IN AT LEAST SOME SECTORS THE GAP MAY BE WIDENING. THE COUNTRY INVESTS HUGE SUMS IN RESEARCH AND DEVELOPMENT WITHOUT SECURING COMMENSURATE RETURNS. THE MAIN PROBLEM SEEMS TO LIE NOT IN THE FIELD OF RESEARCH BUT IN THAT OF DEVELOPMENT AND, EVEN MORE, INTRODUCTION INTO SERIES PRODUCTION. ATTEMPTS ARE BEING MADE TO IMPROVE THE SITUATION BY FORGING CLOSER LINKS BETWEEN RESEARCH INSTITUTES AND INDUSTRIAL ENTERPRISES, BUT IT REMAINS TO BE SEEN HOW MUCH EFFECT THIS WILL HAVE. MAJOR OBSTACLES TO THE DIFFUSION OF NEW TECHNOLOGY (IMPORTED AS WELL AS DOMESTIC) ARE THE RIGID BARRIERS BETWEEN MINISTRIES WITHIN THE CIVILIAN SECTOR AS WELL AS, MORE

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OBTAINING, BETWEEN THE CIVILIAN AND MILITARY SECTORS;
THE TENDENCY TO SECRECY IN ALL SOVIET INSTITUTIONS; AND
AN UNWILLINGNESS TO LET SOVIET SCIENTISTS AND TECHNOLOGISTS
PARTICIPATE FREELY IN INTERNATIONAL CONTACTS AND EXCHANGES
OF IDEAS. ANOTHER BARRIER TO THE DIFFUSION OF NEW
TECHNOLOGY IN THE CIVILIAN SECTOR IS THE ABSENCE OF A FREE
MARKET WHICH WOULD ENABLE THE CONSUMER TO INFLUENCE PRODUCT
RANGE AND QUALITY THROUGH EFFECTIVE 'FEED-BACK' TO THE
PRODUCER. THE EDUCATIONAL SYSTEM AND SOCIETY AT LARGE
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ENCOURAGE CONFORMITY RATHER THAN ORIGINALITY, AS THE
ECONOMIC SYSTEM ENCOURAGES PLAN FULFILMENT RATHER
THAN INNOVATION. A NEW LEADERSHIP WOULD HAVE TO WEIGH
VERY CAREFULLY THE POSSIBLE ADVANTAGES AND DANGERS
INHERENT IN ANY CHANGES IN THESE AREAS.

13. PLANNING AND MANAGEMENT AT THE NATIONAL LEVEL ARE
BESET BY MANIFOLD PROBLEMS ARISING FROM THE SHEER SIZE
AND DIVERSITY OF THE SOVIET UNION. A COMMUNIST
ECONOMY MUST BY DEFINITION BE DIRECTED FROM THE
CENTRE. IDEALLY IT SHOULD BE RUN ACCORDING TO A PERFECT

PLAN WHICH WOULD GUARANTEE THAT EVERY FACTORY PRODUCED PRECISELY WHAT EACH CUSTOMER REQUIRED. SUCH A PLAN COULD NOT BE IMPLEMENTED IN SOVIET CONDITIONS EVEN IF IT COULD BE FORMULATED. SINCE THE PLAN, THOUGH IMPERFECT, NEVERTHELESS RETAINS PRIMACY IN THE SYSTEM, ITS VERY EXISTENCE LEADS TO DISTORTIONS IN THE ECONOMY. IN ADDITION, THE VAST BUREAUCRACIES REQUIRED TO SUPERVISE ITS IMPLEMENTATION AND TO MAINTAIN CENTRAL CONTROL OVER ALL ECONOMIC ACTIVITIES SERVE EFFECTIVELY TO STIFLE INITIATIVE AT THE LOCAL LEVEL. THE CURRENT LEADERSHIP'S IDEAS ON HOW TO IMPROVE THE SITUATION ARE LIMITED TO PROPOSALS, NOT SO FAR IMPLEMENTED, TO IMPROVE COORDINATION BY CREATING SUPER-MINISTRIES AND SPECIAL MANAGEMENT UNITS FOR TERRITORIAL-INDUSTRIAL COMPLEXES. A NEW LEADERSHIP MIGHT BE ATTRACTED TO THE IDEA OF TRYING TO STRENGTHEN CENTRAL PLANNING AND CONTROL BY THE MORE INTENSIVE USE OF COMPUTERS, BUT THE STATE OF THE ART IS NOT SUCH AS TO MAKE ANY RADICAL IMPROVEMENT FEASIBLE IN THE FORESEEABLE FUTURE. SOME FORM OF DEVOLUTION OF POWER TO, SAY, REGIONAL ECONOMIC ORGANS OR LARGE INDUSTRIAL CORPORATIONS WOULD BE A MORE LIKELY DEVELOPMENT, THOUGH THE PRICE MIGHT BE HIGH IN TERMS OF SHORT-TERM DISLOCATION.

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14. THE BACKWARD AGRICULTURAL SECTOR HAS RECEIVED REPEATED MAJOR INJECTIONS OF CAPITAL UNDER THE CURRENT LEADERSHIP AND WILL RECEIVE ABOUT A THIRD OF ALL STATE INVESTMENT UNDER THE PRESENT PLAN. SINCE THE RETURN IS EXTREMELY LOW, THIS REPRESENTS A SEVERE DRAG ON THE REST OF THE ECONOMY. THE CURRENT TREND IN AGRICULTURE IS TOWARDS LARGE-SCALE INDUSTRIAL FARMING, WHICH INVOLVES HUGE CAPITAL OUTLAYS. THIS STYLE OF FARMING IS FAVOURED BECAUSE IT IS THOUGHT TO BE BOTH EFFICIENT (ON THE NORTH AMERICAN MODEL) AND IDEOLOGICALLY SATISFACTORY (BECAUSE IT ERODES THE CLASS DIFFERENCE BETWEEN WORKER AND PEASANT). IN PRACTICE, GIVEN THE SHORTAGE OF SKILLED LABOUR IN THE COUNTRYSIDE AND UNIVERSAL SUPPLY AND TRANSPORT PROBLEMS, SMALLER AND MORE SELF-SUFFICIENT UNITS COULD BE MORE EFFICIENT IN SOVIET CIRCUMSTANCES. AT ALL EVENTS PERFORMANCE IN THIS SECTOR IS LIKELY TO REMAIN ERRATIC, NOT LEAST BECAUSE OF THE VARIABLE FACTOR OF THE WEATHER, AND WILL CONTINUE TO BE A SUBSTANTIAL CONTRIBUTORY FACTOR IN THE MAJOR UPS AND DOWNS OF OVERALL ECONOMIC PERFORMANCE.

15. A NEW LEADERSHIP MIGHT DECIDE TO MAKE LESS OF A FETISH OF AGRICULTURE AND DECIDE, FOR EXAMPLE, TO DIVERT MONEY FROM AGRICULTURE TO INDUSTRY AND EXPAND FOOD IMPORTS; TO MODIFY THE HIGH MEAT PRODUCTION TARGETS WHICH ACCOUNT FOR THE SOVIET UNION'S VERY LARGE GRAIN

REQUIREMENT; AND TO GO FOR STABLE RATHER THAN MAXIMUM GRAIN YIELDS (PURSUIT OF THE LATTER CAUSES CONSIDERABLE ANNUAL DISRUPTION IN OTHER SECTORS OF THE ECONOMY, NOTABLY TRANSPORT). BUT AGRICULTURE IS TRADITIONALLY SUCH A HIGHLY POLITICAL AREA THAT IT IS DIFFICULT TO FORM JUDGEMENTS UNTIL THE SHAPE OF THE NEW LEADERSHIP IS KNOWN. ONE OF THE PRINCIPAL CONTENDERS, KULAKOV,

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HAS A LARGE STAKE IN AGRICULTURE.

16. WHILE PRODUCER PRICES OF AGRICULTURAL GOODS HAVE BEEN RAISED SHARPLY IN RECENT YEARS IN AN ATTEMPT TO BOOST OUTPUT, RETAIL PRICES FOR BASIC FOODSTUFFS HAVE REMAINED VIRTUALLY UNCHANGED FOR DECADES, A FACT CONSTANTLY STRESSED IN SOVIET PROPAGANDA BOTH AT HOME AND ABROAD. IN THE FIELD OF HOUSING TOO, BUILDING AND

MAINTENANCE COSTS HAVE SOARED WHILE RENTS HAVE REMAINED
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FIXED. THESE FACTORS HAVE LED TO ANNUAL SUBSIDIES ON FOOD, HOUSING AND CONSUMER GOODS, THE AGGREGATE FIGURE FOR WHICH IS WELL IN EXCESS OF THE OVERT DEFENCE BUDGET. SINCE EARNINGS HAVE BEEN RISING FAIRLY STEADILY, LOW PRICES AND INADEQUATE SUPPLIES HAVE LED TO INFLATIONARY PRESSURES AS WELL AS BUDGETARY DISTORTIONS. THE ECONOMIC CASE FOR PRICE INCREASES IS INDISPUTABLE, BUT ANY LEADERSHIP IS BOUND TO MOVE WITH EXTREME CAUTION IN THIS AREA IN VIEW OF POSSIBLE POPULAR REACTION AND THE PROPAGANDA DIFFICULTIES IT WOULD INVOLVE.

17. A RELATIVELY NEW PROBLEM IS THAT OF MANPOWER. THERE IS A SEVERE SHORTAGE OF LABOUR IN PARTS OF SIBERIA AND OTHER AREAS WITH A HARSH CLIMATE AND FEW AMENITIES, AND A LESS ACUTE SHORTAGE IN THE MAJOR CITIES OF EUROPEAN RUSSIA. BY CONTRAST POCKETS OF UNEMPLOYMENT EXIST IN THOSE PARTS OF CENTRAL ASIA AND THE CAUCASUS WHERE THE BIRTH RATE IS HIGH. IN THE COUNTRYSIDE A SURPLUS OF ELDERLY, UNSKILLED LABOUR EXISTS SIDE BY SIDE WITH A SHORTAGE OF SKILLED MECHANICS. ALTHOUGH WORKERS ARE QUITE HAPPY TO FLIT FROM JOB TO JOB, THEY ARE NOT GENERALLY ATTRACTED TO THE AREAS OF GREATEST NEED DESPITE THE CONSIDERABLE FINANCIAL INDUCEMENTS OFFERED.

18. THESE PROBLEMS ARE LIKELY TO BE AGGRAVATED OVER THE NEXT TEN YEARS AS THE NUMBER OF NEW RECRUITS TO THE LABOUR MARKET DIMINISHES. IF THE ARMED FORCES MAINTAIN THEIR HIGH MANPOWER REQUIREMENTS THE PROBLEM WILL BECOME STILL MORE ACUTE TOWARDS THE MIDDLE OF THE 1980'S. SHORT OF INTRODUCING RADICAL MEASURES SUCH AS AN ELEMENT OF DIRECTION OF LABOUR, WHICH WOULD BE HIGHLY SENSITIVE POLITICALLY, THE LEADERSHIP WOULD SEEM TO HAVE LIMITED OPTIONS AVAILABLE: TO SO REORGANISE THE STRUCTURE OF INCENTIVES AND DISINCENTIVES THAT LABOUR WOULD FEEL COMPELLED TO MOVE AND FACTORIES TO SHED SURPLUS LABOUR;

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TO RELOCATE INDUSTRIES IN THOSE AREAS WHICH HAVE A SURPLUS OF LABOUR (NOT FEASIBLE IN MANY CASES); OR TO INVEST HEAVILY IN LABOUR-SAVING MACHINERY (BUT THE AVAILABILITY OF INVESTMENT CAPITAL WILL BE A RESTRAINING FACTOR).

19. ALTHOUGH THE MAJOR RAMIFICATIONS OF FOREIGN TRADE ARE OUTSIDE THE SCOPE OF THIS PAPER, IT SHOULD BE

NOTED THAT WESTERN IMPORTS HAVE PLAYED A SIGNIFICANT
ROLE IN RECENT ECONOMIC DEVELOPMENT, PARTICULARLY BY
EASING CERTAIN BOTTLE-NECKS - LARGE DIAMETER PIPE,
FERTILIZER PLANT AND HEAVY CONSTRUCTION EQUIPMENT ARE
MAJOR EXAMPLES. IMPORTS INCREASED SHARPLY IN 1973-75.
THIS POLICY, COUPLED WITH A DISASTROUS HARVEST IN 1975
AND A WESTERN RECESSION WHICH HAS HIT SOVIET EXPORTS,
HAS LED TO A CONSIDERABLE BALANCE OF PAYMENTS PROBLEM,
AND SOME CUT-BACK IN IMPORTS SEEM TO BE ENVISAGED. THIS
CANNOT BE CARRIED TOO FAR, HOWEVER, IF CURRENT FIVE
YEAR PLAN TARGETS FOR CERTAIN SECTORS ARE TO BE MET.

20. THE SOVIET UNION IS CURRENTLY TRYING TO RESTORE ITS
BALANCE OF PAYMENTS BY THE STANDARD METHOD OF EXPORTING
MORE AND IMPORTING LESS, AS WELL AS BY SELLING
GOLD AND INCREASING ITS INVISIBLE EARNINGS (TOURISM,
SHIPPING, ETC) AND ATTEMPTING AS FAR AS POSSIBLE TO PAY
FOR FOREIGN PLANT THROUGH COMPENSATION DEALS. IT FACES
A MAJOR PROBLEM OF A FALLING GROWTH RATE IN THE PRODUCTION
OF OIL, CURRENTLY A MAJOR HARD CURRENCY EARNER. ONE OF
THE CRUCIAL DECISIONS DURING THE 1980'S WILL BE TO DECIDE
HOW TO DIVIDE LIMITED SUPPLIES BETWEEN GROWING INTERNAL
DEMANDS, EXPORTS FOR HARD CURRENCY AND INCREASING REQUIRE-
MENTS OF THE EAST EUROPEAN ALLIES.

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21. IN MORE GENERAL TERMS, A NEW LEADERSHIP WILL HAVE TO DECIDE WHETHER TO CONTINUE TO BRING THE ECONOMY INTO GREATER INTERDEPENDENCE WITH THE REST OF THE WORLD, INSOFAR AS FINANCIAL AND IDEOLOGICAL CONSTRAINTS PERMIT THIS, OR TO RETREAT INTO THE QUEST OF AUTARKY, WHICH WOULD ENTAIL REDUCED GROWTH RATES AND AN INCREASING GAP BETWEEN THE ECONOMIES OF THE USA AND USSR. THERE HAVE BEEN INDICATIONS THAT A "LOBBY" IN FAVOUR OF THE LATTER COURSE DOES EXIST, BUT IT HAS NOT HITHERTO SHOWN
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ITSELF TO BE VERY STRONG. THIS COULD POSE ITSELF AS A SERIOUS OPTION IF THE PROBLEMS OUTLINED ABOVE BECOME SO ACUTE AS TO BRING IN QUESTION THE WHOLE DIRECTION OF SOVIET ECONOMIC STRATEGY. BUT THIS COURSE WOULD BE A RADICAL DEPARTURE FROM PRESENT PRACTICE.

III - POLITICAL TRENDS

22. THE ECONOMIC PROBLEMS DESCRIBED ABOVE WILL INEVITABLY REQUIRE POLITICAL DECISIONS. WHAT SORT OF POLITICAL LEADERSHIP IS THE COUNTRY LIKELY TO HAVE IN THE NEXT 10 TO 15 YEARS?

23. THERE IS BOUND TO BE ONE CHANGE OF THE PARTY'S GENERAL SECRETARY. THERE MIGHT BE TWO: BREZHNEV'S LIKELY IMMEDIATE SUCCESSOR (KIRILENKO) IS HIS COEVAL AND MAY NOT LONG OUTLIVE HIM. AFTER THAT THERE IS NO OBVIOUS LINE OF SUCCESSION. IN RECENT YEARS IT HAS NOT BEEN SO MUCH THE ELDERLY, BUT THE YOUNGER MEN WHO HAVE BEEN EASED OUT OF THE POLITBURO. THOSE REMAINING HAVE BEEN HELD BACK BY THE OLDER GENERATION FROM THE EXERCISE OF BROADER AND MORE PROMINENT RESPONSIBILITIES THAT SHOULD NATURALLY HAVE FALLEN TO THEM BY NOW. IF THE SENIOR MEMBERS OF THE PRESENT LEADERSHIP DEPART IN QUICK SUCCESSION THERE WILL INEVITABLY BE A PERIOD OF UNCERTAINTY WHILE THE NEW LEADERS SORT OUT THEIR RELATIONS WITH EACH OTHER AND, MOST IMPORTANT OF ALL, SECURE THE NECESSARY BACKING IN THE PARTY. DURING THIS PERIOD THE CENTRE OF GRAVITY MAY SHIFT TO EMBRACE THE PARTY'S EXECUTIVE ORGANS - THE SECRETARIAT AND THE

DEPARTMENTS OF THE CENTRAL COMMITTEE. IT IS HERE THAT
ONE HAS BEEN ABLE TO SEE SUCH DISPOSITIONS AS THE
PRESENT LEADERSHIP HAS SEEN FIT TO MAKE FOR ITS EVENTUAL
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DEPARTURE. SINCE EARLY LAST YEAR A NUMBER OF VACANT POSTS
AT THE HEAD OF CENTRAL COMMITTEE DEPARTMENTS HAVE BEEN
FILLED, AND THE CENTRAL COMMITTEE SECRETARIAT HAS BEEN
BROUGHT UP TO STRENGTH. THERE WILL REMAIN, THEREFORE,
A SOLID BASE FOR THE PARTY'S ADMINISTRATION OF THE
COUNTRY, WHICH WILL PROVIDE A LARGE MEASURE OF CONTINUITY
DURING A PERIOD WHEN THERE MAY BE A LACK OF SURE
JUDGEMENT IN MAJOR POLITICAL QUESTIONS.

24. IN THE EVENT OF CONFLICTS WITHIN A NEW LEADERSHIP
THE IMPORTANCE OF THE CENTRAL COMMITTEE, AS THE
BODY TO WHICH THE POLITBURO AND SECRETARIAT ARE NOMINALLY
ACCOUNTABLE, MAY BE EXPECTED TO INCREASE. THE CENTRAL
COMMITTEE ELECTED AT THE LAST PARTY CONGRESS IN MARCH,
1976, IS MORE THAN EVER DOMINATED BY PARTY AND STATE
EXECUTIVES. ITS MEMBERSHIP REFLECTS AGE AND EXPERIENCE,
AND MAY THUS BE EXPECTED TO EXERCISE ITS INFLUENCE IN
THE DIRECTION OF CAUTION AND RELIANCE ON WELL-TRIED
METHODS. THE CORE OF THE PRESENT CENTRAL COMMITTEE (SOME
80 FIRST SECRETARIES OF REGIONAL AND CITY PARTY COMMITTEES
AND SOME 70 REPRESENTATIVES OF THE USSR GOVERNMENT)
IS TO A LARGE EXTENT EX OFFICIO; AND COULD ONLY BE
REMOVED IN THE WAKE OF A LARGE-SCALE PURGE OF THE PARTY
AND GOVERNMENT APPARATUS. A NEW LEADERSHIP WOULD ALMOST
CERTAINLY LACK THE POWER, EVEN IF IT HAD THE WILL, TO
CARRY THIS OUT. THE COMPOSITION OF THE CENTRAL COMMITTEE
WILL PROBABLY REMAIN MUCH AS IT IS NOW, APART FROM
NATURAL WASTAGE, UNTIL THE ELECTIONS DUE AT THE NEXT
PARTY CONGRESS IN 1981. IT THEREFORE SEEMS LIKELY THAT
THERE WILL BE A MINIMUM OF CHANGE IN THE WAY THE COUNTRY
IS RUN UNTIL THEN, OR AT ANY RATE UNTIL A NEW LEADERSHIP
FINDS ITS FEET. ANY ATTEMPT TO PREDICT THE LIKELY

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COMPOSITION OF THE 1981 CENTRAL COMMITTEE WOULD THEREFORE
BE SPECULATIVE.

25. DESPITE THE CONSTRAINTS DESCRIBED ABOVE SUCH
PRECEDENTS AS THERE ARE IN SOVIET HISTORY SUGGEST
THAT A NEW PARTY LEADERSHIP WILL TEND TO VEER AWAY FROM
SOME OF THE MORE CHARACTERISTIC ATTITUDES OF THE
PRESENT LEADERSHIP. BREZHNEV'S EXTREME CAUTION IN
INTRODUCING ORGANISATIONAL REFORMS IN THE ADMINISTRATION
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OF THE ECONOMY AND HIS READINESS TO CONTEMPLATE THEIR
ALMOST INDEFINITE POSTPONEMENT IN THE INTERESTS OF
MAINTAINING HARMONY IN THE PARTY ARE AN AREA OF POLICY
WHERE BOTH THE OBJECTIVE REQUIREMENTS, AS DESCRIBED
ABOVE, AND POSSIBLY THE TEMPERAMENT OF A YOUNGER
LEADERSHIP MAY COINCIDE TO PRODUCE SOME LIMITED REFORMS.
AS A FURTHER STIMULUS TO EFFICIENCY A NEW LEADERSHIP MAY
ABANDON BREZHNEV'S EXAGGERATED RESPECT FOR THE "NEXT-IN-
LINE" PRINCIPLE IN PERSONNEL APPOINTMENTS IN FAVOUR OF A
POLICY DESIGNED TO LET TALENT FLOAT TO THE TOP.
(BREZHNEV'S POLICY ITSELF, OF COURSE, WAS ESSENTIALLY A
REVERSAL OF KRUSHCHEV'S).

26. THE NEW AND BY DEFINITION INITIALLY LESS SECURE POLITICAL LEADERSHIP WILL HAVE THE TASK OF REASSERTING THE PARTY'S CONTROL OVER THE MILITARY AND SECURITY ORGANISATIONS. THE TREND UNDER BREZHNEV HAS BEEN FOR BOTH THESE GROUPS TO INCREASE IN IMPORTANCE AND PRESTIGE WHILE BEING AT THE SAME TIME MORE CLOSELY INCORPORATED INTO THE POLITICAL DECISION-MAKING APPARATUS. THEY WILL HAVE PURSUED THEIR INTERESTS - BY ALL APPEARANCES WITH SOME SUCCESS - THROUGH THE MEDIUM OF THE PARTY. IN THE CASE OF THE MILITARY, THEY MUST REALISE THAT SINCE IT IS THE PARTY THAT DECIDES HOW MUCH OF THE BUDGET IS TO BE DEVOTED TO DEFENCE EXPENDITURE THEIR INTERESTS WOULD NOT BE SERVED BY ADOPTING ATTITUDES WHICH WERE IN ANY WAY RECOGNIZABLY DIFFERENT FROM THOSE OF THE PARTY LEADERSHIP. THIS IS LIKELY TO REMAIN THE CASE UNDER A NEW LEADERSHIP. THE PROBLEM WILL COME IF THE PARTY, DIRECTLY INVOLVED IN ALL ASPECTS OF SOVIET LIFE, BUT PERHAPS LACKING IN STRONG CENTRAL LEADERSHIP, AND CONFRONTED WITH NUMEROUS SECTORAL PROBLEMS WHICH MAY GROW MORE ACUTE THROUGHOUT THE 1980'S, ITSELF DIVIDES

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INTO FACTIONS WHICH BEGIN TO IDENTIFY THEMSELVES MORE WITH THE INTERESTS THEY ARE SUPPOSED TO CONTROL - MILITARY, ECONOMIC, IDEOLOGICAL, AGRICULTURAL AND OTHERS - THAN WITH THE INTERESTS OF A UNIFIED PARTY. PARTY UNITY WILL THEREFORE BE ONE OF THE FIRST PRIORITIES OF A NEW LEADERSHIP.

IV - SOCIAL TRENDS

27. THE INTRODUCTORY PARAGRAPHS OF THIS PAPER DREW ATTENTION TO A NUMBER OF FACTORS WHICH MADE FOR STABILITY IN SOVIET SOCIETY TODAY. THERE IS NO REASON TO BELIEVE THAT THIS STABILITY WILL BE SERIOUSLY UNDERMINED IN THE PERIOD LEADING TO THE MIDDLE '80'S. BUT THE SEEDS OF MANY SOCIAL PROBLEMS HAVE ALREADY BEEN SOWN.

28. IN THE FIRST PLACE THE PURSUIT OF MATERIAL WELFARE IS BRINGING WITH IT A MATERIALISTIC (AS OPPOSED TO MATERIALIST) OUTLOOK ON LIFE, WHICH IS WORRYING THE AUTHORITIES. THE IMPLICATION IS THAT THE FUTURE GENERATION WILL NO LONGER BE PREPARED TO GIVE UP SO MUCH OF THEIR ENERGY TO ILL-REWARDED TASKS SET BY THE STATE. THE RELATED CRIME PROBLEM IS ALSO A WORRY, PARTICULARLY AN APPARENT RISE IN ALCOHOLISM AND JUVENILE DELINQUENCY. THE OTHER DANGER IS THAT OF RISING EXPECTATIONS, WHICH THE STATE IS UNABLE TO SATISFY AND WHICH CARRIES WITH IT THE RISK OF DISTURBANCES (OF WHICH THERE HAVE BEEN

OCCASIONAL REPORTS IN THE LAST YEAR). A SECOND PROBLEM IS THAT STABILITY ITSELF IS SCARCELY A HEALTHY PHENOMENON IN A SOCIETY THAT BY ITS OWN DESCRIPTION IS THE MOST DYNAMIC IN THE WORLD. THE ILLUSION OF THE ONWARD MARCH

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TO COMMUNISM, AND THE PASSING OF ONE MILESTONE AFTER ANOTHER (THE LATEST BEING THE STAGE OF "DEVELOPED SOCIALISM") WHILE IN FACT NO VERY SPECTACULAR ECONOMIC OR SOCIAL PROGRESS IS BEING MADE, INVOLVES BOTH LEADERS AND LED IN EVER GREATER FEATS OF SELF-DECEPTION. A SOVIET PHILOSOPHER A. ZINOVIEV, HAS EXPOSED THIS SITUATION PUNGENTLY IN THE BOOK WHICH CAUSED HIS EXPULSION FROM THE ACADEMY OF SCIENCES' INSTITUTE OF PHILOSOPHY RECENTLY:

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- "SOVIET SOCIETY IS STABLE, EVERYTHING IS NORMAL
- IN IT, IN SO FAR AS SICKNESS HAS BECOME A NORM.
- ALL ARE SICK, THEREFORE ALL ARE HEALTHY. ONLY
- THOSE WHO TALK ABOUT THE SICKNESS ARE CONSIDERED
- TO BE SICK."

THE PECULIAR CONTRIBUTION OF THE DISSIDENTS HAS BEEN TO CALL IN QUESTION THE ACHIEVEMENTS OF THE REGIME EVEN UNDER ITS OWN TERMS OF REFERENCE. THE CRITICAL ATTITUDE THAT HAS THUS BEEN ENGENDERED IN THE MINDS OF OTHER SOVIET CITIZENS IS LIKELY TO INCREASE RATHER THAN DECREASE AS THEIR LEVEL OF SOPHISTICATION GROWS AND IS NOT LIKELY TO BE MORE THAN TEMPORARILY ECLIPSED FROM TIME TO TIME UNDER THE METHODS OF REPRESSION CURRENTLY EMPLOYED BY THE REGIME. NEW LEADERS MIGHT CONSIDER THAT THE PRESENT LEADERSHIP HAS HAD THE WORST OF BOTH WORLDS, HAVING WON ITSELF A BAD NAME IN THE WORLD WHILE FAILING TO STAMP OUT DISSIDENCE. BUT IF THEY ARE TO OPERATE BETWEEN THE TWO EXTREMES OF A RETURN TO STALINIST TERROR ON THE ONE HAND OR TURNING A BLIND EYE TO DEVELOPMENTS THAT THEY WOULD CONSIDER THREATEN THEIR CONTROL OF THE COUNTRY ON THE OTHER THEY WOULD SEEM TO HAVE LITTLE OPTION OTHER THAN FOLLOWING THE PRESENT LEADERSHIP'S POLICY OF SELECTIVE REPRESSION.

29. IN ORDER TO PROVIDE A COUNTER ATTRACTION TO MATERIALISTIC ATTITUDES OR, WORSE, DISSIDENCE, THE REGIME'S IDEOLOGY IS IN SERIOUS NEED OF RESTORATION. THE TREND DURING BREZHNEV'S ASCENDENCY HAS BEEN TO OBSCURE IDEOLOGY IN A WELTER OF PATRIOTISM, WITH A STRONG ADMIXTURE OF RUSSIAN NATIONALISM. IT SEEMS LIKELY THAT THE APPEAL TO MORE PRIMITIVE PATRIOTIC SENTIMENTS

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CAN ONLY INCREASE AS THE BARRENNESS OF THE IDEOLOGY BECOMES EVER MORE APPARENT. THE IDEOLOGY CANNOT BE ABANDONED BY THE LEADERSHIP SINCE THEY HAVE NO OTHER CLAIM TO LEGITIMACY. YET THE IDEOLOGY NO LONGER ANSWERS THE NEEDS OF SOCIETY BOTH FOR A SYSTEM OF VALUES IN WHICH TO BELIEVE AND FOR A SYSTEM WHICH PROVIDES MEANS OF ANSWERING THE TECHNOLOGICAL AND SOCIAL CHALLENGES OF THE TIMES. THE PROBLEM FOR THE LEADERSHIP IS THAT, AS THEY RECOGNISE, SOCIETY IS BECOMING MORE SOPHISTICATED. THE LEADERS WANT PEOPLE TO THINK INTELLIGENTLY ABOUT SCIENTIFIC AND TECHNICAL MATTERS, BUT NOT ABOUT POLITICS.

THEY WILL RECOGNISE THE DIFFICULTY OF STIMULATING THE FIRST WITHOUT LETTING LOOSE THE SECOND.

30. FINALLY, THE NATIONALITIES QUESTIONS WILL REMAIN A DELICATE ONE FOR THE FORESEEABLE FUTURE. ALTHOUGH SO FAR THE QUESTION HAS NOT POSED A SERIOUS THREAT TO THE REGIME, NATIONAL CONSCIOUSNESS HAS INCREASED IN SOME AREAS. WHILE THE SOVIET UNION WILL CONTINUE TO SUPPORT THE RIGHTS AND ASPIRATIONS OF NATIONAL MINORITIES AND SMALL NATIONS IN THE THIRD WORLD AND IN THE WEST, THIS WILL NOT AFFECT THE SOVIET LEADERS' ATTITUDE TOWARDS THE NON-RUSSIAN AREAS AND NATIONAL MINORITIES IN THE SOVIET UNION. THERE THEY ARE INTENT ON SUBMERGING NATIONAL CHARACTERISTICS IN THE ARTIFICIAL CONCEPT OF THE NEW "SOVIET PEOPLE". THE RETENTION OF THE FEDERAL STRUCTURE IN THE NEW SOVIET CONSTITUTION, HOWEVER, TESTIFIES TO THEIR AWARENESS OF THE DANGERS OF TRYING TO MOVE TOO FAST - AN AWARENESS LIKELY TO BE SHARED BY THEIR SUCCESSORS.

V - CONCLUSIONS

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31. IN THE FORTHCOMING PERIOD THE SOVIET UNION WILL BE FACED WITH MANY OF THE SAME PROBLEMS THAT CURRENTLY FACE IT, PRINCIPALLY THAT OF HOW TO GET THE ECONOMY OUT OF THE STAGE WHERE IT RELIES ON EASILY AVAILABLE RESOURCES OF MEN AND MATERIALS AND INTO THE STAGE WHERE IT MAKES THE UTMOST USE OF EXISTING AND SOMETIMES DWINDLING RESOURCES. THIS PROBLEM WILL BE FACED FOR MUCH OF THIS PERIOD BY A NEW
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LEADERSHIP. THEY WILL HAVE TO MAKE SOME OF THE SAME CHOICES AS THEIR PREDECESSORS, CHIEFLY THAT OF DECIDING HOW FAR THEY CAN GO IN STIMULATING IMAGINATIVE AND NOVEL THINKING ABOUT THE ECONOMY WITHOUT RUNNING THE RISK OF THIS PROCESS TURNING INTO A PROCESS OF POLITICAL RE-EVALUATION. IN SOME WAYS THE DILEMMA IS NOW MORE ACUTE THAN IT HAS BEEN FOR THE PRESENT LEADERSHIP. THE PROBLEM OF SEPARATING ECONOMICS AND POLITICS IN THIS WAY IS PROBABLY INSOLUBLE, WHILE THE HEIGHTENED INTEREST IN HUMAN RIGHTS THROUGHOUT THE WORLD HAS FURTHER REDUCED THE SAFETY MARGIN FOR WHAT THE SOVIET LEADERS MIGHT CONSIDER IN OTHER CIRCUMSTANCES TO BE AN ACCEPTABLE DEGREE OF LIBERALISATION.

32. A NEW LEADERSHIP IS LIKELY TO COME TO POWER SOME TIME DURING THIS PERIOD. WHEN IT DOES SO, THE INDIVIDUALS CONCERNED MAY HAVE TO DEVOTE MUCH OF THEIR INITIAL ENERGIES TO REDEFINING THEIR RELATIONS WITH EACH OTHER AND WITH THE PARTY AND TO ESTABLISHING AND CONSOLIDATING THEIR PERSONAL POSITIONS. THEY WILL BE BEHOLDEN TO A CONSERVATIVE CENTRAL COMMITTEE AND WILL BE EVEN LESS LIKELY THAN NORMAL TO CONTEMPLATE INNOVATION IN DOMESTIC POLICIES. THIS MAY TEMPORARILY STRENGTHEN "FORTRESS RUSSIA" THINKING.

33. THIS SUGGESTS THAT CHANGES OR REFORMS ARE LIKELY TO BE GRADUAL, AND MORE LIKELY TO BE INTRODUCED IN RESPONSE TO THE PRESSURE OF CIRCUMSTANCES THAN FROM ANY CHANGE IN THE POLITICAL PHILOSOPHY OF A NEW LEADERSHIP. WHILE THE NEW LEADERS WILL HAVE TO DEAL WITH AN INCREASINGLY SOPHISTICATED AND LESS DOCILE SOCIETY THE GENERAL STABILITY OF THE RECENT PERIOD IS UNLIKELY

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